From: "John Hutchison" <hutchison.john@ccbg.com> on 02/16/2006 02:55:01 PM

Subject: Commercial Real Estate Lending

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February 16, 2006

Jennifer Johnson

Dear Jennifer Johnson:

I write because I think it is mportant to comment on the Guidance being proposed with respect to commercial real estate lending. Commercial real estate lending is an extremely important part of the economy in Florida and likewise it is an extremely important part of lending for most banks.

I understand the need for sound lending and sound loan portfolios. I have concerns, however, that the Guidance as announced will have a negative overall effect on my institution and the economy as a whole.

My concerns are not so much with the individual practices set out in the Guidance, but rather with the way the Guidance is imposed. The proposed Guidance contains certain thresholds and a laundry list of practices and requirements. I am concerned that the rules of the game have suddenly changed.

Specifically there are several points we would like for the Guidance to make clear. First, that in looking at lending concentrations, there will not be a one size fits all response. Each of our institutions has a different history, different controls, different portfolios, and different markets. When a regulator in the field determines that there is a "concentration," any response needs to be tailored for the specific circumstances.

Second, we hope the Guidance will make it very clear that if the concentration thresholds are exceeded by a particular bank, it does not automatically require a capital increase. Any increase should be in the context of the circumstances of the particular institution.

Third, the Guidance should expressly indicate that its purpose is not to discourage all commercial real estate lending activity, but merely to provide guidance for responsible lenders.

If the Guidance is imposed in a mechanical or arbitrary manner or if it is intended to effect a policy shift discouraging commercial real estate lending, it could have grave and unintended consequences. Secured real estate lending has been the bread and butter of most banks in Florida, both large and small. If such loans are not available, then we will have to look to other types of credits which historically have been more risky.

Perhaps most important, if the message is perceived by bank managers that commercial real estate lending has great regulatory risk, then such loans will significantly diminish. This will lead to a downturn in our economy that will create systemic problems for banks far beyond the current risk of commercial real estate loans for most banks.

I thank you for your consideration of these concerns and comments and I hope that the final Guidance will address them in a meaningful way

Sincerely,

John M. Hutchison